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GRAIN GROWERS REDUCE COST OF DISTRIBUTION

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This article is a sketch of what the grain growers in the middle West have accomplished during the last ten years through coöperation and organization. To be a little more explicit, it is the purpose of the writer to tell how these producers have reduced the cost of distribution at least \$25,000,000 annually, and briefly to detail the struggle necessary to place them in a position to effect this saving.

Coöperation as a word or term is much abused. Demagogues have learned its power, and are using it in various ways to deceive the people for the purpose of financial gain. This practice has become so vicious that the Wisconsin legislature recently enacted a law prohibiting corporations from using the word "coöperative" in connection with their business unless that business was conducted in accordance with the coöperative incorporation law of the state.

It would be impossible, however, to describe the marvelous economic movement among the producers of the middle West if I were confined to those organizations which are strictly coöperative. Nearly all of the associations which I shall mention are stock companies incorporated under the regular incorporation laws of the states in which they are located. Two or three states only, where there are a considerable number of farmers' grain organizations, have a coöperative incorporation law. In the other states a few farmers' elevator companies are conducting their business on a coöperative basis, but are doing so through a "gentlemen's agreement" or by contract, and this is neither businesslike nor safe. It is necessary, therefore, that the great majority still use the capitalistic form of incorporation or stay out of business. Efforts were made two years ago to enact a coöperative incorporation law in Illinois, but it failed on account of the large number of old school politicians who still inhabit the legislature of this commonwealth. But the people are slowly awakening, and the time is near at hand when every state will have a coöperative law similar to the one which Wisconsin passed in 1912, or which Indiana, Washington and New York enacted a few months ago.

A farmers' coöperative elevator company is an organization of farmers usually having from 75 to 300 stockholders. It is incorporated under the laws of the state where located and generally capitalized at from \$5000 to \$25,000. The shares of stock are placed at either \$25, \$50 or \$100, and there is usually an agreement limiting the number which one person may own. It is organized for the purpose of handling grain and other commodities such as coal, lumber and building material. An elevator is either bought or built and a manager is placed in charge. One of these companies not long ago used the following language in setting forth the purposes of its organization, language that in a measure applies to all: "To buy and sell on the basis of truth, justice and economy—to transact any and all lawful business for the mutual benefit of its members and patrons—to extend equal opportunity to every man and woman within trading distance, and to gradually create conditions more favorable to the every day practice of the Golden Rule."

When or where the first farmers' grain elevator company was organized I cannot say. Whether it failed or succeeded is of little consequence. In 1902 there were not over 25 such companies in Illinois. The grain trade of the state at that time was largely dominated by a combination of country grain buyers called the Illinois Grain Dealers' Association. This organization, together with those of like nature in other states, was then powerful enough to dictate in a way to quite a percentage of the grain commission merchants at such terminal centers as St. Louis, Peoria, Chicago and Milwaukee.

In the fall of 1902 some one connected with the Illinois Grain Dealers' Association conceived the idea of putting the 25 Illinois farmer grain companies out of business. Many of the grain receivers at the terminal centers mentioned were induced by certain persuasive methods to refuse to handle the business of farmer grain companies, and many of these coöperative organizations suddenly found themselves without a market for their grain. The managers and officers of the farmer companies were soon convinced that a mighty struggle was on. They were in doubt as to how to proceed or just what to do. It was finally decided to call a meeting composed of delegates from all the farmer grain companies in Illinois to be held at Springfield, February 19, 1903. About 35 delegates, representing 20 companies, attended this conference. The Farmers' Grain Dealers Association of Illinois was organized. The launching

of the state association was a signal for quick and united action among the farmers of Illinois. The struggle was on. It was a fight of the grain growers for an open market upon one hand, and the organized country grain dealers, behind which were arrayed the larger commercial interests, upon the other. No quarter was asked or given. The time had come when it was to be determined whether this was a land of the square deal, or whether blacklisters and boycotters could close the channels of trade through methods not only vicious, but in a measure criminal.

Time and space will not permit me to go into detail. Today there are about 300 prosperous and enterprising coöperative grain companies in Illinois, and from 20 to 30 new organizations are being formed every year. Every commission merchant and grain receiver is now vigorously and prayerfully soliciting the shipments of farmer elevator companies. The markets of the world are now open, and apparently everybody is posing as "the farmer's friend."

The financial gain to the producers through these organizations has been enormous. Illinois raises on an average of 500,000,000 bushels of grain each year, and probably sells about 300,000,000 bushels. Conservative men estimate that this movement among the farmers of Illinois, commencing in 1902, has been the means of raising the price of grain at least three cents per bushel over the entire state—that is, the farmer is receiving three cents per bushel more for his grain than he would if there were no coöperative elevator companies in the state. And 3 cents per bushel on 300,000,000 bushels of grain means that \$9,000,000 are left in the pockets of the Illinois farmers that otherwise would be squandered or locked in the coffers of a few large grain concerns. These figures do not include the profits on the coal handled by the farmer companies, and it is said the retail price of this article has been reduced from 50 cents to \$1 per ton. Many of them handle lumber, and the prices of this commodity have been reduced from \$2 to \$10 per thousand. Many handle building materials, and there has been a substantial reduction in the prices of these commodities.

And this is not all the story. A permanent advance of 3 cents per bushel in grain to the farmer means that at least \$5 is added to the value of every acre of land where these conditions obtain. It means added value to every item of property of every kind in every community where there is a coöperative grain company. No one

can safely estimate and but few can comprehend the enormous benefits that have been derived from this coöperative movement among the farmers of Illinois and other grain belt states during the last ten years.

Over the river in Iowa the real struggle began in 1904. There were then less than 30 coöperative elevator companies in that state, and these were scattered from river to river. No effort had ever been made to bring them into a state association for protection and mutual benefit. Line elevator systems, through the Iowa Grain Dealers' Association, controlled the grain trade of the state. By a line elevator system I mean where one company or one corporation owns and operates a large number of country elevators, and there were several of these systems with more than 100 elevators each doing business in Iowa along the different railway lines. They set the price on every bushel of grain hauled over elevator scales, and dictated what every dealer should pay to the farmer. These line elevators handled coal, many of them lumber and building material, and therefore they had the backing of the coal trust, the lumber combine, the meat trust, the railroads and other like interests.

The Iowa Grain Dealers' Association was the "watch dog" and the champion for all these different combinations and did its duty well. Whenever a farmers' elevator company shipped a carload of grain, somehow and in some way the Iowa Grain Dealers' Association got the information and the car number. It was traced to the terminal center to which it was billed, and the commission merchant to whom it was consigned was immediately notified not to sell the grain under penalty of boycott by all the "regular" dealers of the state. The same tactics were employed if a farmers' elevator company bought a carload of coal, lumber, salt, or other commodities. It was the business of the Iowa Grain Dealers' Association at that time to terrorize every man or firm that did business with a farmers' elevator company.

But in 1904 one or two men from Illinois ventured over the river into Iowa and assisted the few coöperative companies in business at that time to form an organization called the Farmers' Grain Dealers Association of Iowa. And then the fight was on—the fight for an open market and a square deal. The struggle never ceased until the producers emerged triumphant from the conflict. Iowa today has over 300 prosperous coöperative elevator companies, and the number

is constantly increasing. The Iowa Grain Dealers' Association has passed into history, disgraced by its plundering tactics and illicit relations to the grain trust, the coal trust and other like combinations, all of which have been driven to cover by an awakened public conscience and the decisions of the courts.

The story of Iowa and Illinois is the story of Nebraska, South Dakota, Minnesota, North Dakota and Kansas. Nebraska now has something over 200 coöperative farmer elevator companies, South Dakota about 225, Minnesota 290, North Dakota 275 and Kansas about 150. All have state associations, and all are working hand in hand for a greater measure of coöperation. The purpose of these state organizations as set forth in their by-laws is

to advance the commercial interests of the coöperative organizations engaged in the handling of grain; inculcate just and equitable principles of trade; acquire, preserve and disseminate valuable business information; and to encourage frequent intercourse and consultation among their members for the promotion of their common interests.

There are also numerous farmer coöperative grain companies scattered over Indiana, Ohio, Michigan, Wisconsin, Oregon, Oklahoma and Missouri. All told there are said to be over 2400 of these organizations in the United States, with at least 275,000 stockholders. This great industrial army is growing larger every year, for the farmers have come to know that ability to combine among themselves is their only means of protection from the highly organized interests that surround them on every side.

Careful men estimate that the grain growers of the middle West are receiving a profit of at least \$50,000,000 each year, due entirely to their organizations, that is, they are receiving enough more for their grain and buying their coal, lumber and other farm supplies enough cheaper to equal this amount. Say it is but \$25,000,000 and still you have an enormous sum.

But by far a greater benefit than the monetary side has come to the people of the grain belt states. Everybody is becoming a student of coöperation. And coöperation, as we know it out here, is a topic that overshadows all other questions. To us it is the doctrine of helping one another, working together. We think this spirit is of vastly more benefit than the twenty-five or fifty millions of dollars. To be sure, the financial must go hand in hand with that larger benefit,

but somehow and in some way a very wonderful change has come about.

The scope of the great work which these state organizations have done and are still doing is best illustrated in the following extract from one of the letters sent out three years ago by the secretary of the Farmers' Grain Dealers Association of Illinois to its members. He said:

As an association we are a part of a great conflict, and have been since its organization in the morning of the twentieth century when the real struggle for reform in America began. Many of the ideas advanced and the principles advocated by this organization have already, wholly or in part, been worked into laws, either state or national. The demands of the future will be even greater than those of the past. It is for us to help solve the problems of progress or fall by the wayside as weaklings unfit for the duties of the hour.

This Association stands—

For the broader spirit of coöperation which is coming to be the basis of business development and progress;

For better general conditions in the buying and forwarding of grain;

For more scientific and economic methods of handling grain both at country stations and terminal points;

For a closer business relationship between producer and consumer, whereby distribution may be simplified and cheapened;

For a scientific agriculture based on workable theories and actual facts;

For a thorough elimination of gambling in the foodstuffs of a nation;

For a reciprocal demurrage law, either state or national, that will be just to both the carriers and the public;

For distribution of cars between shippers at a station in the same proportion when cars are scarce that they are used when plentiful;

For a system of transportation efficient and business-like, but not operated for the purpose of making multimillionaires, and which develops into a joke when there is anything to transport;

For a system of federal grain inspection under civil service rules, absolutely divorced from political machinery of any kind or sort;

For an Interstate Commerce Commission large enough, able enough and with sufficient power to be both a commerce court and a court of last resort;

For a strict enforcement of the laws as they stand, without exception and without favor;

And for the self-evident proposition that to do away with evil in the state it is first necessary to do away with the conditions that produce evil.

And last of all, this and other like associations should stand for every principle of right and progress that will make better, cleaner and saner conditions in both civic and industrial life. To accomplish even a little we must be highly organized with every loyal citizen willing to do his part as a soldier in the army of the common good.

Many of the reforms mentioned will be fought by the men who fatten on the abuses we are trying to correct. And so we urge you to go out and preach this gospel of a greater coöperation in order that all the people may know the truth and join us in that larger field of usefulness into which we are about to enter. Hard work is necessary. There is no such thing as a comfortable reform. A little sacrifice is the price of putting righteousness in the place of wrong. But it is worth the price.

The annual convention of each state Farmers' Grain Dealers Association is held during the winter months. Every farmer, every man connected with local companies, and everyone interested in the principles of coöperation is invited and urged to attend. Printed programs are arranged and distributed over the state weeks before the convention meets. The best speakers that can be secured are engaged to deliver addresses on seeds, soils, grain raising and marketing, intensive farming, and on every topic pertaining to coöperative advancement. These conventions are usually in session for two or three days, and the attendance often reaches the 2000 mark.

At the annual stockholders' meeting of these local companies a speaker is usually secured to address the farmers on coöperative marketing and the science of agriculture. If these meetings happen to be held in the winter an indoor picnic dinner is often served in the town hall by the farmers' wives. The business session of the corporation is held in the forenoon, and after dinner there is generally a program of music, recitations and addresses. During the summer and early fall hundreds of "farmer elevator picnics" are held. The programs consist of games, music, and addresses on the topics most interesting to the family on the farm.

It is these thousands of gatherings every year, together with the business experience acquired in conducting the affairs of a corporation that are making the farmer a leader in the progress of the West. In fact, so progressive has he become that he now owns his own trade paper, the *American Coöperative Journal*, which is the official organ of the farmers' movement in all the grain belt states.

The future of agriculture in America depends largely on the future of this social and economic movement. No intelligent man would think of belittling the great work of our agricultural colleges and experimental stations. They have performed a marvelous service to mankind, and yet this coöperative movement among the grain growers of the North, the fruit growers of the West, and the cot-

ton planters of the South, has done more to make agriculture a science and a profession than all other forces combined. Theodore Roosevelt recognized the importance of this work when on May 31, 1907, speaking at Lansing, Mich., on the fiftieth anniversary of the founding of the first agricultural college in the United States, he said: "A vast field is open for work by coöperative associations of farmers in dealing with the relations of the farm to transportation and to the distribution and manufacture of raw materials. It is only through such combinations that American farmers can develop to the full their social and economic power."

Here, however, is the lesson of the hour. The enormous profits received by the producers as a direct result of their coöperative efforts have not raised the prices of farm products one iota to the consumer. These farmer organizations have lowered the price of every commodity which they handle for home consumption, and they have done this by cutting the cost of distribution. The producers have so far done their part in the readjustment of economic conditions. They cannot, however, do for the consumer what he must do for himself. Coöperative organizations—fruit growers, creameries, cheese factories, potato raisers, grain growers and vegetable growers—are waiting and ready to do business direct with coöperative organizations of consumers. Therefore, Mr. Consumer, in the parlance of the street, "*It is up to you.*"

And so the tide of progress moves on and broadens in its scope. Coöperation in America is still in the kindergarten stage. The coming generation will see unfold that greater development which we now can only picture. It is our duty to prepare the soil for the harvest in the years to come, and "shame and disgrace will be ours if in our eyes the light of high resolve is dimmed, if we trail in the dust the golden hopes of men."